



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

## **THESIS**

**THE FUNDING OF BOKO HARAM AND NIGERIA'S  
ACTIONS TO STOP IT**

by

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December 2016

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<b>REPORT DOCUMENTATION PAGE</b>			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.				
<b>1. AGENCY USE ONLY</b> (Leave blank)		<b>2. REPORT DATE</b> December 2016		<b>3. REPORT TYPE AND DATES COVERED</b> Master's thesis
<b>4. TITLE AND SUBTITLE</b> THE FUNDING OF BOKO HARAM AND NIGERIA'S ACTIONS TO STOP IT			<b>5. FUNDING NUMBERS</b>	
<b>6. AUTHOR(S)</b> Jason L. Rock				
<b>7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)</b> Naval Postgraduate School Monterey, CA 93943-5000			<b>8. PERFORMING ORGANIZATION REPORT NUMBER</b>	
<b>9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES)</b> N/A			<b>10. SPONSORING / MONITORING AGENCY REPORT NUMBER</b>	
<b>11. SUPPLEMENTARY NOTES</b> The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government. IRB number ____N/A____.				
<b>12a. DISTRIBUTION / AVAILABILITY STATEMENT</b> Approved for public release. Distribution is unlimited.			<b>12b. DISTRIBUTION CODE</b>	
<b>13. ABSTRACT (maximum 200 words)</b>  <p>Since 9/11, the United States and the international community have taken numerous steps to combat the financing of terrorism. Terrorist organizations have adapted and become innovative to ensure their monetary funds are secure and undetectable. Boko Haram is one organization that has found ways to ensure its finances are almost undetectable. Over the past 12 years, Boko Haram has become a powerful and destructive violent extremist organization while obtaining millions of dollars in funding. The United States and the international community must look for ways to disrupt Boko Haram's financial apparatus outside conventional counterthreat finance measures. The goal of this paper is to examine Boko Haram's finances and the steps that have been taken to stop its funding, including identifying what, if any, new approaches can be used to prevent the ongoing funding of Boko Haram.</p>				
<b>14. SUBJECT TERMS</b> Book Haram, funding, Nigeria			<b>15. NUMBER OF PAGES</b> 53	
			<b>16. PRICE CODE</b>	
<b>17. SECURITY CLASSIFICATION OF REPORT</b> Unclassified	<b>18. SECURITY CLASSIFICATION OF THIS PAGE</b> Unclassified	<b>19. SECURITY CLASSIFICATION OF ABSTRACT</b> Unclassified	<b>20. LIMITATION OF ABSTRACT</b> UU	

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**THE FUNDING OF BOKO HARAM AND NIGERIA'S ACTIONS TO STOP IT**

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Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF SCIENCE IN DEFENSE ANALYSIS**

from the

**NAVAL POSTGRADUATE SCHOOL  
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## **ABSTRACT**

Since 9/11, the United States and the international community have taken numerous steps to combat the financing of terrorism. Terrorist organizations have adapted and become innovative to ensure their monetary funds are secure and undetectable. Boko Haram is one organization that has found ways to ensure its finances are almost undetectable. Over the past 12 years, Boko Haram has become a powerful and destructive violent extremist organization while obtaining millions of dollars in funding. The United States and the international community must look for ways to disrupt Boko Haram's financial apparatus outside conventional counterthreat finance measures. The goal of this paper is to examine Boko Haram's finances and the steps that have been taken to stop its funding, including identifying what, if any, new approaches can be used to prevent the ongoing funding of Boko Haram.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

ABA	American Bankers Association
AQIM	Al-Qaeda in the Islamic Magreb
CBP	Customs and Border Protection
CTF	counterterrorism finance
CTPF	Counterterrorism Partnership Fund
DIA	Defense Intelligence Agency
FATF	Financial Action Task Force
FTO	foreign terrorist organization
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GSCF	Global Security Contingency Fund
ISIS	Islamic State of Iraq and Syria
JTF	joint task force
MNJTF	multination joint task force
NFIU	Nigeria Financial Intelligence Unit
NGO	nongovernmental organizations
OPEC	Organization of Petroleum Exploiting Countries
ORO	operation restore order
SDGT	specially designated global terrorists
SOCAP	Special Operations Command Africa
STR	suspicious transaction report
UNICEF	United Nations International Children's Emergency Fund
VEO	violent extremist organization

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## I. INTRODUCTION

No matter how big or small violent extremist organizations (VEOs) are, without the ability to finance their operations and recruit new members, their existence would be short-lived. Colin Clarke, a political scientist at the RAND Corporation, highlights this point by saying that the lifeblood of any VEO is its ability to generate funds.<sup>1</sup> The ability of terrorist organizations to fund their operations through normal financial institutions suffered after 9/11 because the United States and the international community took steps to freeze terrorist assets. The steps taken resulted in about \$147.4 million being directly frozen by July 2005.<sup>2</sup> Over the past 11 years, however, terrorist organizations have adapted their financial support means to avoid the U.S. and international community's post-9/11 terrorism financing laws. One organization that has done well in avoiding such laws is the Nigerian-born terrorist organization Boko Haram. Since 2002, Boko Haram has been able to raise millions of dollars, despite being named the deadliest terrorist organization in 2014.<sup>3</sup> Since 2009, Boko Haram is responsible for killing more than 15,000 people (more than 6,000 in 2015) and displacing nearly 2.8 million people in Nigeria and neighboring countries.<sup>4</sup>

In their efforts to reduce Boko Haram's finances, Nigeria, the United States, and partner nations have largely failed. In fact, U.S. officials acknowledge that the tools used against other VEOs have proven less effective in the financial warfare against Boko Haram. The difficulty that the United States and the international community have had in disrupting Boko Haram was highlighted by a U.S. military official, who stated, "Boko Haram's inner leadership is security savvy, not only in the way it moves money but also

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1. Colin P. Clarke, *Terrorism Inc.: The Financing of Terrorism, Insurgency, and Irregular Warfare* (Santa Barbara, CA: Praeger Security International, 2015), 1.

2. Sener Dalyan, "Combating the Financing of Terrorism: Rethinking Strategies for Success," *Defense Against Terrorism Review* 1, no. 1 (2008): 144.

3. Charlotte Alfred, "Boko Haram Actually Kills More People in Terror Attacks than ISIS," *Huffington Post*, November 18, 2015, [www.huffingtonpost.com/entry/boko-haram-isis\\_us\\_564cd890e4b00b7997f8c15d](http://www.huffingtonpost.com/entry/boko-haram-isis_us_564cd890e4b00b7997f8c15d).

4. Lauren Ploch Blanchard, *Nigeria's Boko Haram: Frequently Asked Questions* (CRS Report No. R43558) (Washington, DC: Congressional Research Service, 2016), [www.fas.org/sgp/crs/row/R43558.pdf](http://www.fas.org/sgp/crs/row/R43558.pdf).

in its communications, relying on face-to-face contact, since messages and calls can be intercepted.”<sup>5</sup> Elizabeth Donnelly of the African Program with the London Policy Institute Chatham House states it best, “Before authorities can cut off Boko Haram funding, they have to find it. Finding it would go a long way toward crippling the group.”<sup>6</sup>

The counterthreat finance measures used after 9/11 are possibly outdated for confronting organizations that operate outside of regulated financial institutions. For dealings with an organization such as Boko Haram, the ability to cut off the organization’s finances must be examined and fully evaluated. Normal counterthreat finance measures that the international community and United States have employed since 9/11 might need to be updated and new approaches implemented to cut off the funding of Boko Haram. This monograph has two primary objectives: to understand and assess how Boko Haram has funded its existence since 2002 and to examine the steps the government of Nigeria, the United States, and the international community have taken to cut Boko Haram’s funding off. Once such steps have been evaluated, recommendations will be provided of what, if anything, can be done to stop Boko Haram’s ability to fund its existence.

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5. Phil Stewart and Lesley Wroughton, “How Boko Haram is Beating U.S. Efforts to Choke Its Financing,” Reuters, July 1, 2014, [www.reuters.com/article/us-usa-nigeria-bokoharam-insight-idUSKBN0F636920140701](http://www.reuters.com/article/us-usa-nigeria-bokoharam-insight-idUSKBN0F636920140701).

6. Heather Murdock, “Analysts: Nigeria’s Boko Haram Funding Vast, Varied,” *Voice of America*, March 20, 2014, [www.voanews.com/content/analysts-nigerias-boko-haram-funding-vast-varied/1875921.html](http://www.voanews.com/content/analysts-nigerias-boko-haram-funding-vast-varied/1875921.html).



## II. BOKO HARAM FINANCES

More articles and research have been dedicated to trying to understand Boko Haram's organizational structure and ideology than to trying to understand how the group funds itself. Depending on the source, a variety of ideas and thoughts have been presented on how Boko Haram raises funds. For example, the ZAMUN 2015 Model United Nations Conference Security Council study guide mentions that the source of Boko Haram funding is as unclear as who the people who make up the organization.<sup>7</sup> Other scholarly sources point to Boko Haram's raising money solely within Nigerian borders or label Boko Haram's ability to raise money as being transnational. Yan St-Pierre, CEO of the Counter-Terrorism Modern Security Consulting Group, believes Boko Haram to be a well-funded organization that relies on resources within Nigeria and West Africa to fund its activities.<sup>8</sup> Likewise, Linda Thomas Greenfield, the U.S. assistant secretary for African affairs, mentioned in 2014 that the U.S. government believes Boko Haram is surviving off sophisticated criminal activities that depend heavily on kidnappings.<sup>9</sup> U.S. officials are also confident that Boko Haram uses a networked system of couriers to move cash throughout Nigeria and across Nigeria's border from neighboring countries.<sup>10</sup>

In contrast to the ZAMUN 2015 model, research for this monograph discussed in this chapter appears to show that Boko Haram is well funded and does not rely on a single source of income. Boko Haram has sustained itself financially through microfinancing, membership fees, external funding/sympathizers, extortion, bank robberies, kidnappings for ransom, and illicit trafficking.

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7. United Nations Security Council, *ZAMUN 2015, Suppression of the Financing of Terrorist Groups* (New York: United Nations Security Council, 2015), [www.zamun.sk/wp-content/uploads/Guide\\_SC.pdf](http://www.zamun.sk/wp-content/uploads/Guide_SC.pdf).

8. Murdock, "Analysts: Nigeria's Boko Haram."

9. Stewart and Wroughton, "How Boko Haram is Beating U.S. Efforts."

10. Ibid.

## **A. BOKO HARAM MICROFINANCING**

The relatively nonviolent Boko Haram from 2002–09, led by Mohammed Yusuf, raised money through some basic revenue streams. Yusuf set up a microfinancing system for Boko Haram members to open local businesses throughout northern Nigeria, predominantly in the states of Borno and Yobe.<sup>11</sup> Many of the businesses were car or motorcycle taxis. Financing from Yusuf was also used for trading activities and substance agriculture. The income generated from businesses opened under the microfinancing system would be directed back into operating Boko Haram as an organization.<sup>12</sup> Knowing how much money was generated through the microfinancing system to fund Boko Haram is difficult to determine. The microfinancing system that was set up did provide Boko Haram with sufficient funds when Boko Haram was being established as an organization in the early to mid-2000s. As recently as April 2016, microfinancing reemerged as a source of recruits and revenue. International aid organization Mercy Corps learned through field research that Boko Haram had been issuing microloans ranging from 10,000 naira (\$32) to 1 million naira (\$32,000) in recent years.<sup>13</sup> Loans were given in return for pledged financial support. If financial support could not be met, then personnel support to Boko Haram was required. With microfinancing being a successful means of raising money, it is understandable that Boko Haram would resort back to a method that had worked for the organization when it was trying to establish itself in the early 2000s.

## **B. MEMBERSHIP FEES**

Before 2009, Mohammed Yusuf also raised funds by enforcing organizational membership fees. It is believed that Yusuf implemented a daily membership fee of 100 naira, approximately US\$0.80 a day, for the thousands of members.<sup>14</sup> Members of the

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11. Virginia Comolli, *Boko Haram Nigeria's Islamist Insurgency* (New York: Oxford University Press, 2015), 63, 78.

12. *Ibid.*, 78–79.

13. Kieran Guilbert, “Boko Haram ‘Lures, Traps’ Young Nigerian Entrepreneurs with Business Loans,” Reuters, April 11, 2016, <http://uk.reuters.com/article/uk-nigeria-boko-haram-idUKKCN0X8265?feedType=RSS&feedName=worldNews>.

14. Comolli, *Boko Haram*, 78.

Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) and the Financial Action Task Force (FATF) believed that, even after Yusuf's death in 2009, membership fees were collected until at least 2012.<sup>15</sup> With other illicit activities bringing in larger sums of money, membership fees might not be a requirement for an organization that has shown the ability to fund itself in a variety of ways.

### C. EXTERNAL FUNDING/SYMPATHIZERS

Boko Haram, as with any VEO, has depended on financial donations from sympathizers and external funding from other VEOs. In 2002, Osama Bin Laden sent an aide to Nigeria with \$3 million.<sup>16</sup> Bin Laden's aide was instructed to disperse the money among groups that believed in Al-Qaeda's cause. The International Crisis Group reported that Boko Haram received some of that money, but the exact amount is undetermined.<sup>17</sup> The U.S. Treasury Department has publicly stated that they have evidence that Boko Haram has received funding from both Al-Qaeda and Al-Qaeda in the Islamic Magreb (AQIM).<sup>18</sup> In 2012, Nigerian media reported that the president received intelligence that Boko Haram had received a \$40 million payment from AQIM (which also operates in West Africa); this was reported to be the first of many payments that were to take place between the two groups.<sup>19</sup> U.S. officials believe if AQIM is still funding Boko Haram, it is in very small amounts, not ranging into the millions of dollars.<sup>20</sup>

In March of 2015, the current leader of Boko Haram, Abubakar Shekau, pledged allegiance to Abu Bakr al Baghdadi, the leader of the Islamic State of Iraq and Syria (ISIS). Later that month ISIS's English-language magazine approved of the alliance with

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15. Ibid., 79.

16. Terrence McCoy, "This is How Boko Haram Funds Its Evil," *Washington Post*, June 6, 2014, [www.washingtonpost.com/news/morning-mix/wp/2014/06/06/this-is-how-boko-haram-funds-its-evil/](http://www.washingtonpost.com/news/morning-mix/wp/2014/06/06/this-is-how-boko-haram-funds-its-evil/).

17. Ibid.

18. Kelly Mua Kingsly, Samuel F. Johnson-Rokosu, and Rasaan Alabi Olanrewaju, "Combating Boko Haram Terrorism Financing: Case of Nigeria and Lake-Chad Basin," *International Journal of Current Research* 7, no. 11 (2015): 22849–22861.

19. Comolli, *Boko Haram*, 81.

20. Kingsly, Johnson-Rokosu, and Alabi Olanrewaju, "Combating Boko Haram."

Boko Haram.<sup>21</sup> When ISIS accepted Boko Haram's pledge of allegiance, an ISIS spokesman informed fellow Muslims looking to join its ranks that "a new door for you to migrate to the land of Islam and fight" had opened within Africa.<sup>22</sup> In April of 2016, the commanding general of the U.S. Special Operations Command Africa (SOCAF), Brigadier General Donald Bolduc, said that ISIS and Boko Haram are increasingly sharing "tactics, techniques and procedures."<sup>23</sup> General Bolduc highlighted that an ISIS weapons convoy was detected departing Libya and believed to be headed to the Lake Chad region to provide support to Boko Haram.<sup>24</sup> However, other than verbal and material support, there is no indication that ISIS is providing Boko Haram financial support.

Boko Haram has not only depended on external funding from other VEOs; throughout its movement it has received financial support from local sympathizers and politicians. One of Boko Haram's main financial backers was Alhaji Buji Foi. Foi was a powerful political figure in Borno State, and at one point in his career he was the commissioner for religious affairs in Borno. Foi provided Boko Haram with a substantial amount of financial support to run its operations and was a known and open sympathizer.<sup>25</sup> Many Northern Nigerian politicians have also been accused of giving Boko Haram financial support over the years. U.S. government officials confirmed that a high-ranking Borno State politician supported Boko Haram financially until 2009.<sup>26</sup> The actual amount of money politicians gave to Boko Haram is unclear, but it is clear through

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21. Blanchard, *Nigeria's Boko Haram*.

22. Peter Pham, "How Boko Haram Became the Islamic State's West Africa Province," *Journal of International Security Affairs*, no. 30 (Winter 2016), [www.securityaffairs.org/issues/number-30/how-boko-haram-became-islamic-states-west-africa-province](http://www.securityaffairs.org/issues/number-30/how-boko-haram-became-islamic-states-west-africa-province).

23. Helene Cooper, "Boko Haram and ISIS Are Collaborating More, U.S. Military Official Says," *New York Times*, April 20, 2016, [www.nytimes.com/2016/04/21/world/africa/boko-haram-and-isis-are-collaborating-more-us-military-says.html?\\_r=0](http://www.nytimes.com/2016/04/21/world/africa/boko-haram-and-isis-are-collaborating-more-us-military-says.html?_r=0).

24. Helene Cooper, "Boko Haram and ISIS Are Collaborating More, U.S. Military Official Says," *New York Times*, April 20, 2016, [www.nytimes.com/2016/04/21/world/africa/boko-haram-and-isis-are-collaborating-more-us-military-says.html?\\_r=0](http://www.nytimes.com/2016/04/21/world/africa/boko-haram-and-isis-are-collaborating-more-us-military-says.html?_r=0).

25. Comolli, *Boko Haram*, 78.

26. *Ibid.*, 79.

arrest and interrogations that political figures throughout Nigeria have supported Boko Haram financially.

#### **D. BANK ROBBERIES**

From 2010 through 2013, Boko Haram relied heavily on bank robberies as a source of income. Bank robberies have slowed since a state of emergency was declared for Northeastern Nigeria in May 2013. When the spokesperson of Boko Haram, Abu Qaqa, was arrested, he provided intelligence on how Boko Haram would use the money stolen during bank robberies. Qaqa provided information that money would be redistributed among Boko Haram members and the families of members who had been killed.<sup>27</sup> Boko Haram robbed hundreds of banks over a three-year period for an estimated 987 million naira (\$6 million).<sup>28</sup> Boko Haram focused its bank robberies in Borno, Yobe and Adamawa regions of Northern Nigeria. Boko Haram justifies robbing banks by saying the money it steals is “spoils of war.”<sup>29</sup> Bank robberies are still a main source of income for Boko Haram, but the number of bank robberies has declined as Boko Haram has lost territory over the past two years.

#### **E. EXTORTION**

Boko Haram has also depended on extortion to procure funds. Boko Haram has used extortion methods against business owners, politicians, and citizens. The group has persuaded business owners to donate financially to Boko Haram in return for “protection.” Politicians and citizens have been threatened with harm to themselves or their families if money was not paid.<sup>30</sup> Over the past five years, Nigerian citizens have received text messages and phone calls demanding money with the threat of harm to the individual or their family if they did not pay the amount being asked. These extortion

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27. Ibid., 82.

28. Wasswa D Obi, “Terrorism: Who Pays Boko Haram?,” *Nigerian News*, last modified 2014, [www.naij.com/310779-who-pays-to-boko-haram.html](http://www.naij.com/310779-who-pays-to-boko-haram.html).

29. Kingsly, Johnson-Rokosu, and Alabi Olanrewaju, “Combating Boko Haram.”

30. Amy Pate, *Boko Haram: An Assessment of Strengths, Vulnerabilities, and Policy Options* (College Park, MD: National Consortium for the Study of Terrorism and Responses to Terrorism, 2015), [www.start.umd.edu/pubs/START\\_%20SMA-AFRICOM\\_Boko%20Haram%20Deep%20Dive\\_Jan2015.pdf](http://www.start.umd.edu/pubs/START_%20SMA-AFRICOM_Boko%20Haram%20Deep%20Dive_Jan2015.pdf), 24.

tactics have also recently been used in Cameroon as Boko Haram has expanded its influence outside of Nigeria.<sup>31</sup> The amount of money Boko Haram has earned through extortion is hard to determine.

## **F. KIDNAPPING**

Currently all indications point to kidnapping as Boko Haram's main source of income. Boko Haram has earned millions of dollars conducting kidnappings over the years. Boko Haram has kidnapped foreign nationals, most notably a French family abducted in Cameroon in February 2013. Boko Haram received an estimated \$3.14 million for the family's release in April 2013.<sup>32</sup> In May 2013, Boko Haram kidnapped a former Nigerian petroleum minister who was also the former head of the Organization of Petroleum Exporting Countries (OPEC), receiving a multimillion naira ransom.<sup>33</sup> In July 2014, the wife of Cameroon's deputy prime minister, along with the local leader of Kolofata and his family, was kidnapped by Boko Haram. This kidnapping led to Cameroon's government paying \$600,000 for the release of the wife, the local leader and his family, and 10 Chinese engineers that were kidnapped in April 2014.<sup>34</sup> Boko Haram over the years has kidnapped numerous Westerners with the intention of receiving large ransoms, but the people feeling the greatest effect of Boko Haram's kidnapping operations are the Nigerians themselves.

Boko Haram has kidnapped many local elders and Nigerian business owners. These kidnappings do not earn millions of dollars per victim, but numerous small payments amount to millions of dollars because Boko Haram has kidnapped thousands of people over the past five years.<sup>35</sup> Boko Haram's most notorious kidnapping made world news with the abduction of the Chibok schoolgirls. On the night of April 14, 2014, Boko

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31. Comolli, *Boko Haram*, 82.

32. Jacob Zenn, "Boko Haram: Recruitment, Financing, and Arms Trafficking in the Lake Chad Region," *CTC Sentinel* 7, no. 10 (2014): 8, [www.ctc.usma.edu/posts/boko-haram-recruitment-financing-and-arms-trafficking-in-the-lake-chad-region](http://www.ctc.usma.edu/posts/boko-haram-recruitment-financing-and-arms-trafficking-in-the-lake-chad-region).

33. Comolli, *Boko Haram*, 83.

34. Zenn, "Boko Haram," 8.

35. Pate, *Boko Haram*.

Haram fighters driving trucks and riding motorcycles raided the town of Chibok, Nigeria. Boko Haram left Chibok with 276 girls, all kidnapped from the government secondary school.<sup>36</sup> After the schoolgirls were in Boko Haram's custody for a month, Abubakar Shekau released a video saying he would sell the girls on the black market. Shekau mentions in the video that Allah had instructed him to sell the kidnapped girls. Currently no substantial evidence has been found identifying how many schoolgirls have been sold on the human trafficking market, but it is believed some have been sold.<sup>37</sup> Not only does it appear some schoolgirls been sold, but they have also been used as suicide bombers. UNICEF estimates that 44 child bombers were used in 2015, 75 percent of whom were female and included some of the Chibok schoolgirls.<sup>38</sup> No evidence has been uncovered to identify exactly how much Boko Haram earned financially, if anything, from kidnapping the Chibok school girls.

#### **G. ILLICIT TRAFFICKING**

With kidnapping and bank robberies being Boko Haram's main source of income in recent years, Boko Haram has begun partaking in illicit trafficking. Most recently Boko Haram has engaged in selling stolen cattle as a source of income.<sup>39</sup>

Another reported form of trafficking Boko Haram is engaged in is weapons/arms trafficking. In June 2014, a Chadian weapons trafficker who worked with a Boko Haram commander was arrested with \$15,000 on him from sales he made in Chad. Also in June 2014, Cameroonian authorities discovered travel documents in a Boko Haram camp that linked the group to Libya and Qatar.<sup>40</sup> Mentioned earlier, the commanding general of SOCAF, Brigadier General Bolduc, said an ISIS weapons convoy that departed Libya

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36. Mike Smith, *Boko Haram: Inside Nigeria's Unholy War* (London: I.B. Tauris & Co. Ltd, 2016), 179–185.

37. Tim Cooks and Isaac Abrak, "Nigeria's Boko Haram Threaten to Sell Kidnapped Schoolgirls," Reuters, May 5, 2014, [www.reuters.com/article/us-nigeria-bokoharam-idUSBREA440BJ20140505](http://www.reuters.com/article/us-nigeria-bokoharam-idUSBREA440BJ20140505).

38. Brent Swails and David Mckenzie, "Kidnapped to Kill: Boko Haram is Turning Girls into Weapons," *CNN*, last modified April 13, 2016, [www.cnn.com/2016/04/12/Africa/Cameroon-boko-haram-child-bombers](http://www.cnn.com/2016/04/12/Africa/Cameroon-boko-haram-child-bombers).

39. Ndahi Marama, "Boko Haram Now Sells Stolen Cattle to Fund Terror," *Vanguard News*, March 5, 2016, [www.vanguardngr.com/2016/03/boko-haram-now-sells-stolen-cattle-to-fund-terror/](http://www.vanguardngr.com/2016/03/boko-haram-now-sells-stolen-cattle-to-fund-terror/).

40. Zenn, "Boko Haram," 8.

was believed to be headed for Boko Haram.<sup>41</sup> Two members of Boko Haram were arrested at the Burkina Faso–Niger boarder carrying weapons, ammunition, and 8 million CFA franc (\$13,500).<sup>42</sup> Upon interrogation, the members confessed that the weapons were acquired from an arms dealer in Burkina Faso.<sup>43</sup>

In June 2012, a courier for Boko Haram was arrested and during interrogation admitted that Boko Haram tends to use females to traffic weapons, ammunition, and cash.<sup>44</sup> Women are preferred as couriers because regional security forces normally do not search females since Islamic tenets forbid men from having contact with women who are not their wives.<sup>45</sup> No substantial reporting has been done to identify exactly how much money Boko Haram is making from trafficking weapons.

It is unclear the degree to which Boko Haram is involved in drug trafficking. The U.S. Drug Enforcement Agency believes Boko Haram has been involved with cocaine trafficking.<sup>46</sup> Likewise, the Inter-University Center for Terrorism Studies in 2012 claimed that Nigerian VEOs were being financed by Latin American drug cartels.<sup>47</sup> Italian journalist Lauretta Napoleoni, an expert on terrorism financing, believes a connection between Boko Haram and a Latin American drug cartel was made possible because the 2001 Patriot Act made it harder to transfer drugs through the United States to Europe.<sup>48</sup> In April 2015, in his speech at the second Ministerial Anti-Drug Conference on the Influence of Drugs on Global Security and Sustainable Development, UN Secretary-General Ban Ki-moon said Boko Haram was involved in drug trafficking in

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41. Cooper, “Boko Haram and ISIS.”

42. Financial Action Task Force, *Terrorist Financing in West Africa* (Paris: Financial Action Task Force, 2013), [www.fatf-gafi.org/media/fatf/documents/reports/tf-in-west-africa.pdf](http://www.fatf-gafi.org/media/fatf/documents/reports/tf-in-west-africa.pdf).

43. Ibid.

44. Comolli, *Boko Haram*, 83.

45. Ibid.

46. Committee on Financial Services, April 22, 2015, Task Force to Investigate Terrorism Financing Hearing Entitled “A Survey of Global Terrorism and Terrorist Financing (memorandum) (Washington, DC: House of Representatives, 2015), [http://financialservices.house.gov/uploadedfiles/042215\\_tf\\_memo.pdf](http://financialservices.house.gov/uploadedfiles/042215_tf_memo.pdf).

47. Kingsly, Johnson-Rokosu, and Alabi Olanrewaju, “Combating Boko Haram.”

48. Ibid.



West Africa.<sup>49</sup> Although the secretary-general did not elaborate on how Boko Haram is involved, his statement leads to the belief that Boko Haram in one way or another is involved in drug trafficking. Through arrest, interrogation and gathered intelligence, Boko Haram is known to take part in illicit trafficking. Determining how deep Boko Haram's reach into the illicit trafficking market goes is difficult. With the network Boko Haram has established to traffic arms and receive ransoms for kidnapped victims and its drug trafficking ties, it is conceivable that Boko Haram traffics in many other things for financial gain. The monetary gain that Boko Haram receives from illicit trafficking is unknown but can be estimated to be in the low millions of dollars.

## **H. SPECULATIONS**

Boko Haram over the past 15 years has funded its operations in a variety of ways. One estimate is that Boko Haram had raised approximately \$70 million between 2008 and 2011.<sup>50</sup> Knowing how Boko Haram funds itself is critical to being able to counter its means of funding, but unsubstantiated speculations into the funding must be avoided when addressing the real issue of cutting off its funding. For instance, U.S. congressman Darrell Issa, while visiting Nigeria in August 2015, commented that Boko Haram may be funded with money coming from crude oil thefts taking place in Southern Nigeria.<sup>51</sup> Congressman Issa's speculation resulted in the Nigerian government's standing up a task force to look into this claim. There is no evidence at this time that points to Boko Haram's receiving funds from the oil thefts plaguing Southern Nigeria.

One of the most negative speculations has come from a lead negotiator dealing with Boko Haram in releasing the Chibok girls. Dr. Stephen Davis, an Australian negotiator who spent four months with Boko Haram, has on numerous occasions claimed that Boko Haram uses the Central Bank of Nigeria to move large sums of money. Davis

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49. United Nations, "Illicit Drug Trafficking Fuels Terrorism, Undermines Development, Says Secretary-General in Message to Ministerial Conference," press release, April 23 2015, [www.un.org/press/en/2015/sgsm16694.doc.htm](http://www.un.org/press/en/2015/sgsm16694.doc.htm).

50. Comolli, *Boko Haram*, 83.

51. Oscarline Onwuemenyi, "U.S. Fears Boko Haram Funded with Stolen Crude Money," August 7, 2015, <http://sweetcrudereports.com/2015/08/07/us-fears-boko-haram-funded-with-stolen-crude-money/>.

also claims that Boko Haram's largest supplier of arms and military uniforms lives in Egypt.<sup>52</sup> No evidence points to the Central Bank of Nigeria's being involved and the bank has called Davis's claims false.

## **I. CONCLUSION ON FUNDING**

Even though more time has been spent writing about Boko Haram as an organization than investigating its finances, once fully researched, it is relatively easy to understand where Boko Haram's money has been coming from in recent years. Bank robberies and kidnappings have provided Boko Haram a substantial amount of money. Terrorist attacks have shown to cost very little compared to what VEOs have in regard to their overall finances. Boko Haram is no different. Boko Haram's reign of terror does not cost large sums of money. Boko Haram's funding is vast, but the tactics and methods it employs are low budget and deadly. Understanding Boko Haram's overall financial network (see Figure 1) and highlighting its relationships while working toward solutions to disrupt its funding will go a long way to ending Northern Nigeria's 15-year insurgency.

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52. Obi, "Terrorism: Who Pays Boko Haram?"

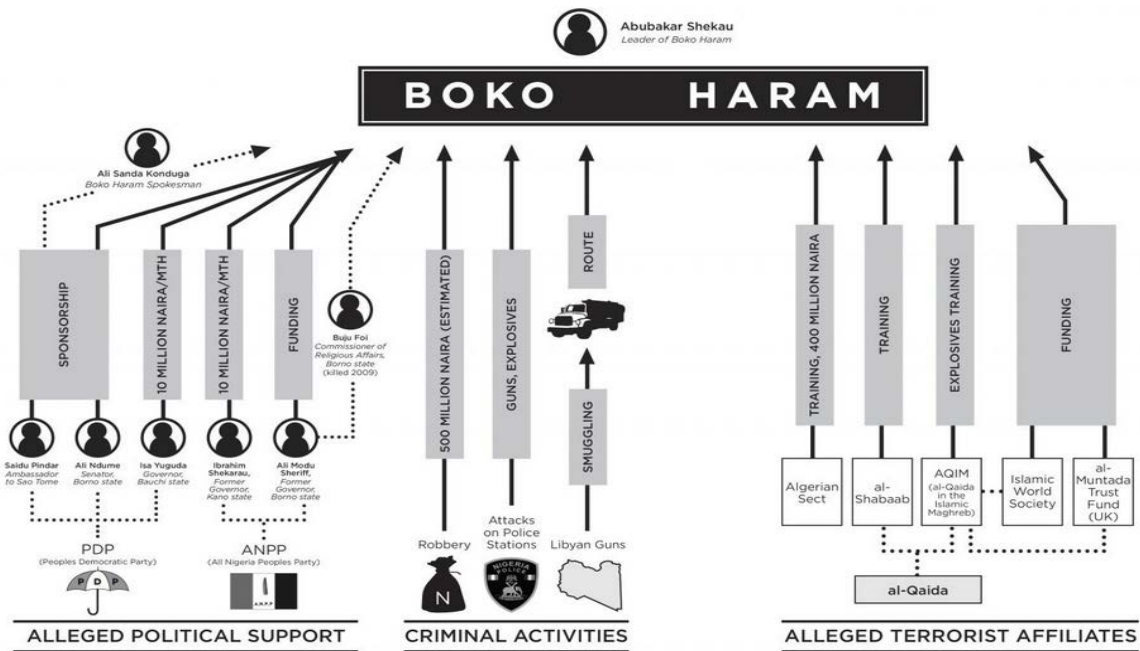


Figure 1. Sources of Boko Haram Funding<sup>53</sup>

53. Source: Arun Kumar, "The Infamous Nigerian Terror Group—Part I," Creofire, May 22, 2014, <http://creofire.com/infamous-nigerian-terror-group-part/>.

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### **III. COUNTERING BOKO HARAM'S FINANCES**

The United States and the international community took steps prior to and after 9/11 to address the financing of terrorism. Depending on what approach and laws are implemented, the success of countering VEO funding can deliver a number of results. Currently Nigeria, the United States, and international partners are using three main strategies to counter Boko Haram's funding. The three approaches can be defined as freezing of assets, follow-the-money/arrest, and the technique of denying Boko Haram territory. Each of these approaches can be used simultaneously or individually depending on the counterthreat financing operation.

#### **A. FREEZING FINANCIAL ASSETS**

When dealing with any terrorist organization, one of the first steps governments take is to identify and freeze monetary assets within financial banking systems. Freezing assets of VEOs or their sympathizers relies heavily on legislation. Legislation allows countries to legally freeze financial assets and designate individuals as terrorists.<sup>54</sup> Freezing monetary assets has been the approach prior to and after 9/11 that most governments have depended on to choke off VEO funding. The ability of terrorist organizations to fund their operations through normal financial institutions declined after 9/11 because the United States and the international community passed laws to prevent terrorist financing. Nigeria has the legal framework and appropriate agencies in place to freeze Boko Haram assets when identified within Nigerian banks. Nigeria has passed numerous laws preventing the support to terrorist organizations and regulating its banking system. The Nigeria Financial Intelligence Unit (NFIU) is based off of recommendations from FATF. NFIU was also admitted into the Egmont Group of Financial Intelligence Units in 2007.<sup>55</sup> In May 2015, the chief of the Nigeria's Defense Intelligence Agency (DIA) urged Nigerian banks to do more to identify Boko Haram

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54. Anne L. Clunan, "U.S. and International Response to Terrorist Financing," *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Palo Alto, CA: Stanford University Press, 2007), 276.

55. Nigerian Financial Intelligence Unit, "About NFIU," accessed August 27, 2016, [www.nfiu.gov.ng](http://www.nfiu.gov.ng).

funds within in the financial institutions of Nigeria. The DIA chief said that “we told them how they should go about intelligence gathering so we expect positive results from them.”<sup>56</sup>

Even with a financial intelligence unit and pressure put on banks, there is no evidence pointing to the Nigerian government’s ever seizing Boko Haram monetary assets within a Nigerian financial institution. Two factors could be the cause of the Nigerian government’s inability to seize Boko Haram funds within Nigerian banks. One factor is Nigerian banks One factor is Nigerian banks may have become reluctant to file suspicious transaction reports (STRs) that would help identify possible Boko Haram funds in fear of possible repercussions from Boko Haram.<sup>57</sup> The second, and most important factor, is that Boko Haram does not appear to depend on the formal financial sector. As mentioned earlier, Boko Haram uses couriers to move cash throughout Northern Nigeria. Omoyele Sowore of Nigeria’s citizen journalism website Sahara Reporters told the BBC, “Boko Haram commanders and its leaders do not travel with passports, they travel on the ground in hijacked vehicles; they do not have any formal assets that anyone can point to—it is not a formal organization.”<sup>58</sup> The tools and techniques used for freezing monetary assets of VEOs since 9/11 seem to be irrelevant when dealing with Boko Haram. Reuters journalists Phil Stewart and Lesley Wroughton interviewed U.S. officials to understand why the United States has had trouble countering Boko Haram’s funding streams. U.S. officials admitted that it is difficult to track and identify funding streams due to Boko Haram’s financial operating procedures. Financial sanctions and counterfinance measures that were put into place after 9/11 are inadequate to have an effect on Boko Haram’s funding.<sup>59</sup>

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56. Michel Arseneault, “Nigerian Intelligence Chief Calls for Untangling of Boko Haram Funding,” *The World and All Its Voices*, May 21, 2015, <http://en.rfi.fr/africa/20150521-defeating-boko-haram-one-bank-account-time>.

57. Comolli, *Boko Haram*, 83.

58. “UN Committee Imposes Sanctions on Nigeria’s Boko Haram,” *BBC*, May 2014, [www.bbc.com/news/world-africa-27529566](http://www.bbc.com/news/world-africa-27529566).

59. Stewart and Wroughton, “How Boko Haram is Beating U.S. Efforts.”

The U.S. State Department in November 2013 designated Boko Haram as a foreign terrorist organization (FTO) under Section 219 of the Immigration and Nationality Act and as specially designated global terrorists (SDGTs) under Executive Order 13224.<sup>60</sup> Prior to designating Boko Haram as a terrorist organization, the State Department in June 2012 labeled Abubakar Shekau, Khalid al-Barnawi, and Abubakar Adam Kamar as SDGTs. The FTO and SDGT designations allow the seizure of any assets that Boko Haram might have in U.S. financial institutions and criminalizes financial transactions with Boko Haram members.<sup>61</sup> Laws are in place to ensure that if Boko Haram or its sympathizers openly operated within financial institutions, its funds would be frozen and useless to it as organization. Boko Haram being labeled an FTO, as highlighted in a congressional research report, has not had any impact on its financing. No criminal charges have ever been filed in U.S. courts in relation to individuals' providing support to Boko Haram.<sup>62</sup>

Freezing the financial assets of Boko Haram seems to be the least effective measure for countering its financial support. Having the legal framework in place to freeze bank accounts and to designate individuals as SDGTs seems to be more of a symbolic gesture than a measure that has any true effect since Boko Haram does not appear to be operating within a regulated financial sector. If Boko Haram does operate within Nigerian banks, the banks must be willing to file STRs to help the government identify Boko Haram's assets.

## **B. FOLLOW-THE-MONEY/ARREST**

The second counterthreat finance measure, follow-the-money, heavily depends on intelligence. Anne Clunan, associate professor of national security at the Naval Postgraduate School, believes that the intelligence community prefers this method because of its ability to track and possibly kill or arrest terrorists.<sup>63</sup> Following the money

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60. Lauren Ploch Blanchard, *Nigeria: Current Issues and U.S. Policy* (CRS Report No. RL3964) (Washington, DC: Congressional Research Service, 2016), [www.fas.org/srg/crs/row/RL3964.pdf](http://www.fas.org/srg/crs/row/RL3964.pdf).

61. Ibid.

62. Blanchard, *Nigeria's Boko Haram*.

63. Clunan, "U.S. and International Response to Terrorist Financing," 277.

leads to intelligence that can build a better understanding of how a VEO is operating and what the critical financial nodes of the organization are.<sup>64</sup> Boko Haram is not immune to this concept. Through arrests, many of its financiers and international donors have been identified.

The Nigerian government has cut off some of Boko Haram's funding through the arrest of known supporters. In early 2004, Sheik Muhiddeen Abdullahi, a Sudanese Muslim businessman who was the director of a Saudi Arabia funded Islamic charity was arrested after transactions in the millions were discovered to have taken place between him and a Boko Haram middleman.<sup>65</sup> In 2006, Mallam Mohammed Ashafa was arrested for receiving funds in Pakistan from two Al-Qaeda operatives and for recruiting individuals to travel to Niger to be trained by an Algerian Salifist group.<sup>66</sup> And after his arrest in 2009, Abdulrasheed Abubakar confessed to authorities that upon Yusuf's request, he went to Afghanistan to learn to make bombs over a three month period. Abubakar then returned to Nigeria to train other Boko Haram members in the construction of bombs.<sup>67</sup> These arrests allowed the Nigerian government and the international community to confirm that Al-Qaeda was a financial backer of Boko Haram.

Arrest of Boko Haram members also helped identify that Boko Haram was receiving financial support from Nigerian politicians. During the same 2009 battle in which Yusuf was arrested and killed, Boko Haram's main financier Alhaji Buji Foi was also executed while in police custody. The result of the 2009 battle drove Boko Haram underground till late 2010. In January 2011, Nigerian police arrested Alhaji Bunu Wakil, a local contractor and financier of Boko Haram in Maiduguri, along with 91 other

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64. Matthew Levitt, "Follow the Money: Leveraging Financial Intelligence to Combat Transnational Threats," *Georgetown Journal of International Affairs* 12, no. 1 (2011,): 37, [www.ciaonet.org/attachments/21656/uploads](http://www.ciaonet.org/attachments/21656/uploads).

65. Freedom C. Onuoha, "Countering the Financing of Boko Haram Extremism in Nigeria," *African Journal for the Prevention and Combating of Terrorism*, 2, no. 1 (2011): 115, <http://caert.org.dz/Publications/Journal/journal-2011.pdf>.

66. Comolli, *Boko Haram*, 51.

67. Ibid.



supporters of Boko Haram.<sup>68</sup> Many of the arrests of suspected Boko Haram financiers generated intelligence that led authorities to other suspected financial supporters. The arrest of Mohammed Zakaria, a known arms dealer, provided intelligence that led to the subsequent killing of Boko Haram sponsor Alhaji Salisu Damaturu in February 2011.<sup>69</sup> With the arrest of Boko Haram members in 2011, Mohammed Ali Ndume (a senator from Borno State) and Saidu Pindar (former ambassador to Sao Tome and Principe) were identified as financial supporters of Boko Haram.<sup>70</sup> Ndume was arrested in November 2011 and charged with financing Boko Haram.<sup>71</sup> In 2012, a Boko Haram spokesperson was arrested and proclaimed that Kano State governor Ibrahim Shekaru and Bauchi State governor Isa Yuguda were paying fighters an allowance each month.<sup>72</sup>

With numerous arrest and killings of Boko Haram financial supporters, Nigeria over time has implemented a campaign of follow-the-money that has provided mixed reviews. Amnesty International reported in August 2014 that the Nigerian military and the Joint Civilian Task Force took part in extrajudicial killings on a regular basis.<sup>73</sup> Many of the individuals who were being killed were thought to be Boko Haram supporters. Nigeria's military and the Joint Civilian Task Force conducted numerous human rights violations. These violations over time caused local Nigerian populations to mistrust the military and local security forces. Military and police human rights violations drew criticism from the U.S. government. The United States refused to sell machine guns to Nigeria and also blocked Israel from selling attack helicopters to Nigeria because of

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68. James J. F. Forest, *Confronting the Terrorism of Boko Haram in Nigeria* (JSOU Report 12–5) (MacDill AFB, FL: Joint Special Operations University, 2012), [http://jsou.libguides.com/ld.php?content\\_id=2876918](http://jsou.libguides.com/ld.php?content_id=2876918).

69. Ibid.

70. Comolli, *Boko Haram*, 79–80.

71. Forest, *Confronting the Terrorism of Boko Haram*.

72. Daniel Egiegba Agbibo, "The Ongoing Campaign of Terror in Nigeria: Boko Haram versus the State," *Stability: International Journal of Security and Development* 2, no. 3 (2013): article 52. doi: <http://doi.org/10.5334/sta.cl>.

73. Amnesty International, "Nigeria: Gruesome Footage Implicates Military in War Crimes," August 5, 2014, [www.amnesty.org/en/latest/news/2014/08/nigeria-gruesome-footage-implicates-military-war-crimes/](http://www.amnesty.org/en/latest/news/2014/08/nigeria-gruesome-footage-implicates-military-war-crimes/).

Nigeria's human rights violations in fighting Boko Haram.<sup>74</sup> Since President Muhammadu Buhari took office in 2015, he and the Nigerian government have fought hard to fight corruption and support for Boko Haram.

One of the Nigerian government's recent strategies for cutting off Boko Haram funding was the shutting down of cattle markets. The Nigerian government's use of financial intelligence led to the discovery of Boko Haram's sale of stolen cattle throughout northern Nigeria as a means of financial support. In response, in early 2016, the Nigerian government closed numerous cattle markets in northeastern Nigeria to cut off this source of funding.<sup>75</sup> The follow-the-money approach has provided some positive results for the Nigerian government. The ability for the Nigerian government to identify financial supporters helped illuminate Boko Haram's international connections and highlighted the support Boko Haram was receiving from within its own borders. Arrest and follow-the-money methods must continue to be implemented, but these methods alone will not completely cripple Boko Haram's ability to fund its operations.

### **C. DENY BOKO HARAM TERRITORY**

The most direct action the Nigerian government has taken to counter Boko Haram's financing has been through denying Boko Haram the ability to live off the land that helped finance its operations. Boko Haram has earned the majority of its financial support through robbing banks and kidnappings. To deny Boko Haram the opportunity to conduct either bank robberies or kidnappings, the Nigerian government has employed a number of military operations over the years. Bank robberies and kidnappings were an easy source of money for Boko Haram because of the inability of the Nigerian government to respond or provide adequate security throughout Northern Nigeria. In the summer of 2011, a joint task force (JTF) operation restore order (ORO) was established to enable an interagency approach to defeat Boko Haram. Plagued by a lack of troops to

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74. Philip Obaji Jr, "U.S. to Nigeria: No Guns to Fight Boko Haram," *Daily Beast*, May 5, 2015, [www.thedailybeast.com/articles/2015/05/05/u-s-to-nigeria-no-guns-to-fight-boko-haram.html](http://www.thedailybeast.com/articles/2015/05/05/u-s-to-nigeria-no-guns-to-fight-boko-haram.html).

75. Blanchard, *Nigeria's Boko Haram*.

root out Boko Haram, the JTF was disbanded in August 2013.<sup>76</sup> The JTF ORO did very little in cutting off Boko Haram's ability to fund itself.

After 2013, the Nigerian government conducted more military operations to try to counter the onslaught of Boko Haram. These operations had little success in regaining land that Boko Haram used for operations and funding. In March 2015, the Nigerian government turned to its neighbors to establish a multinational joint task force (MNJTF) to confront Boko Haram. The MNJTF is composed of soldiers from Cameroon, Chad, Benin, Niger and Nigeria.<sup>77</sup> With the implementation of the MNJTF, Boko Haram began to lose ground it had gained in 2014 and in 2015. In December 2015, Nigeria's president Muhammadu Buhari asserted that his military was defeating Boko Haram.<sup>78</sup> Between January and May 2016, the MNJTF killed about 675 and captured another 566 Boko Haram fighters according to the MNJTF commander during his remarks at the 2nd Regional Security Summit.<sup>79</sup> Boko Haram has been declining operationally due to the Nigerian and regional military response that has taken place since 2015 and throughout 2016 (see Figure 2). Instead of occupying territory, Boko Haram has started relying more on guerilla tactics to attack the Nigerian military. These tactics have proved difficult for the Nigerian military to fully address, but with Boko Haram's losing territory, its ability to launch operations has decreased. With the decrease in territory, kidnappings and bank robberies have been on the decline.

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76. Pate, *Boko Haram*, 27.

77. Conor Gaffey, "Boko Haram: West African Force Still \$450 Million Short of Budget," *Newsweek*, February 3, 2016, [www.newsweek.com/boko-haram-west-african-force-still-450-million-short-budget-422463](http://www.newsweek.com/boko-haram-west-african-force-still-450-million-short-budget-422463).

78. Max Siollun, "Can Boko Haram Be Defeated?," *New York Times*, May 18, 2016, [www.nytimes.com/2016/05/19/opinion/can-boko-haram-be-defeated.html?\\_r=0](http://www.nytimes.com/2016/05/19/opinion/can-boko-haram-be-defeated.html?_r=0).

79. Omeiza Ajayi, "MNJTF Kills 675 Boko Haram Insurgents, Arrests 566 in 5 Months," *Vanguard*, May 13, 2016, [www.vanguardngr.com/2016/05/mnjtf-kills-675-boko-haram-insurgents-arrests-566-5-months/](http://www.vanguardngr.com/2016/05/mnjtf-kills-675-boko-haram-insurgents-arrests-566-5-months/).

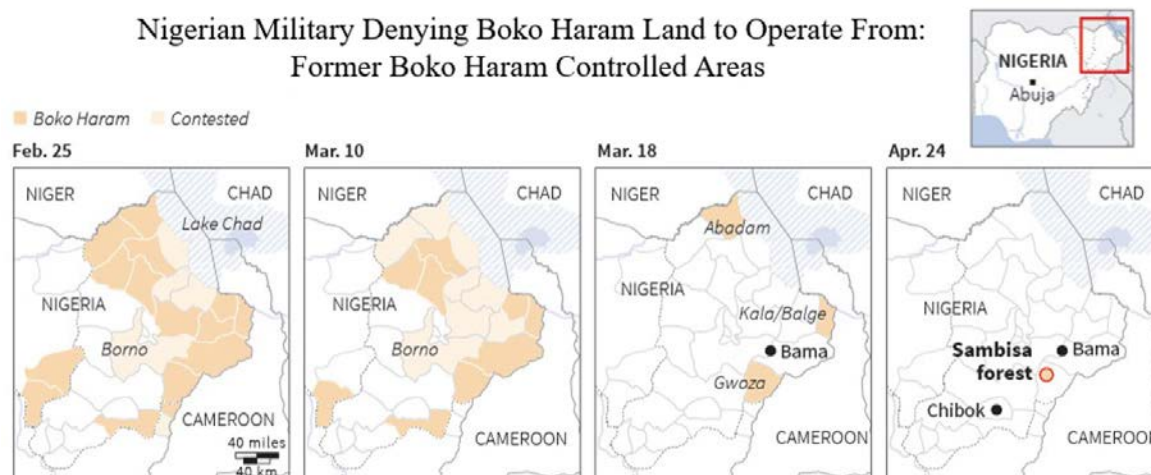


Figure 2. Territory Boko Haram Lost Control of from February to April 2015<sup>80</sup>

The United States has taken numerous steps to help Nigeria, Chad, Niger and Cameroon deny Boko Haram the ability to operate. Through the Global Security Contingency Fund (GSCF), the Counterterrorism Partnership Fund (CTPF), and security assistance training, the United States has provided counterterrorism assistance worth over \$400 million to counter Boko Haram.<sup>81</sup> The U.S. Department of Defense in 2016 allocated up to \$105 million and requested \$125 million for fiscal year 2017 under the CTPF program.<sup>82</sup> The U.S. State Department has also provided Nigerian officials counterthreat finance training through its counterterrorism finance (CTF) program.<sup>83</sup> The training aimed to restrict Boko Haram's ability to raise, store, and move money. The training has allowed Nigeria to use financial investigators who can work with its neighbors to look at financial intelligence to counter Boko Haram.<sup>84</sup> Most notably, the United States and its international partners have been heavily involved in providing Nigeria and its regional partners (Cameroon, Chad, Benin, Niger) military training and

80. Source: Mike Coronas, "Mapping Boko Haram's decline in Nigeria," Reuters, May 5, 2015, <http://blogs.reuters.com/data-dive/2015/05/05/mapping-boko-harams-decline-in-nigeria/>.

81. Blanchard, *Nigeria's Boko Haram*.

82. Ibid.

83. State Department Office of the Spokesperson, "Boko Haram and U.S. Counterterrorism Assistance to Nigeria," May 14, 2014, [www.state.gov/r/pa/prs/ps/2014/05/226072.htm](http://www.state.gov/r/pa/prs/ps/2014/05/226072.htm).

84. Ibid.

equipment to fight Boko Haram. In October 2015, President Obama confirmed that he ordered 300 U.S. troops to the region to provide “intelligence, surveillance and reconnaissance” to the MNJTF to counter Boko Haram.<sup>85</sup>

In February 2016, the director of National Intelligence, James Clapper, told the House Intelligence Committee that Boko Haram will remain a threat to Nigeria and its neighbors throughout 2016 and into the future.<sup>86</sup> Although Nigeria and its partners continue to counter Boko Haram and its finances using the three primary aforementioned methods, Boko Haram continues to remain a threat. One thing is certain: conventional counterthreat finance measures appear insufficiently effective, given the way Boko Haram has raised and moved money over time. Since Nigeria has very little to show by cutting off Boko Haram’s ability to fund its operations, unconventional counterthreat finance approaches and ideas must be examined.

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85. Helene Cooper, “To Aid Boko Haram Fight, Obama Orders 300 Troops to Cameroon,” *New York Times*, October 14, 2015, [www.nytimes.com/2015/10/15/world/africa/obama-orders-300-troops-to-cameroon-to-support-fight-against-boko-haram.html](http://www.nytimes.com/2015/10/15/world/africa/obama-orders-300-troops-to-cameroon-to-support-fight-against-boko-haram.html).

86. Eric Schmitt and Dionne Searcey, “U.S. Plans to Put Advisers on Front Lines of Nigeria’s War on Boko Haram,” *New York Times*, February 25, 2016, [www.nytimes.com/2016/02/26/world/africa/us-plans-to-help-nigeria-in-war-on-boko-haram-terrorists.html](http://www.nytimes.com/2016/02/26/world/africa/us-plans-to-help-nigeria-in-war-on-boko-haram-terrorists.html).

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#### **IV. RECOMMENDATIONS FOR COUNTERING THE FINANCING OF BOKO HARAM**

Nigeria and the international community over the years have struggled to suppress Boko Haram's ability to raise money. The Nigerian government has had some success in highlighting Boko Haram's financial support network within Nigeria and internationally. Since the election of President Muhammadu Buhari in May of 2015, Nigeria has seen positive gains in its fight against Boko Haram. The MNJTF has been successful in regaining control of territory once occupied by Boko Haram, the majority of which is territory from which Boko Haram launched many of its kidnapping and bank robbery operations. Depriving Boko Haram of territorial safe havens will cut into its ability to generate funds. With recent military success and positive results in implementing follow-the-money tactics, Nigeria, with the help from the international community, can further disrupt Boko Haram's ability to fund its existence.

The following recommendations aim to improve Nigeria's ability to affect Boko Haram's financing operations. These recommendations, in addition to the MNJTF's denying Boko Haram territorial safe havens, could impact Boko Haram's ability to rely on any of its current funding methods. Of the seven funding activities, Boko Haram seems to depend heavily on five funding activities: kidnappings, bank robberies, illicit trafficking, external funding, and microfinancing. The Nigerian government needs to target each funding method to increase its ability to hurt Boko Haram financially. All the recommended steps to stop Boko Haram's current funding streams heavily rely on the government of Nigeria's ability to provide sufficient security throughout northern Nigeria.

Along with addressing the five main funding sources, Nigeria needs to become compliant with all FATF recommendations. Ensuring Nigerian financial institutions are in compliance with FATF recommendations will deny Boko Haram the capability of ever using the regulated financial sector. If Boko Haram is using the regulated financial system, which is currently pure speculation, implementing the FATF recommendations will surely highlight Boko Haram financial accounts.

## **A. SECURITY**

Providing security seems logical, but the Nigerian government has failed over the years to provide adequate security across northern Nigeria. Cited earlier, the government of Nigeria in 2011 failed to disrupt Boko Haram's activities because of a lack of troops to support JTF ORO. Nigeria's governmental leadership must be willing to provide all necessary resources to defeat Boko Haram. Boko Haram continues to be engaged in kidnappings, bank robberies, illicit trafficking, and microfinancing. The government of Nigeria must implement a vigorous security presence within northern Nigeria that hinders Boko Haram's ability to freely move around. Enforcing the declared state of emergency for Borno, Yobe, Adamawa, and Niger states is one of many steps that need to be taken to increase security. Enforcing curfews and bans on vehicle movement will impact Boko Haram's ability to conduct its financing operations. The success that the MNJTF has had over the past year will only be effective if the Nigerian government can remain fully in control and have a security presence that allows Nigerians to not live in fear of Boko Haram. Having a security apparatus in place to address each of Boko Haram's funding methods is critical.

### **1. Preventing Kidnappings**

Kidnappings are believed to be Boko Haram's main source of funding. To prevent kidnappings, a robust security presence will need to be installed to prevent Boko Haram's freedom of movement. The Nigerian government should also educate local populations on how to be less susceptible to kidnappings. Nigeria must also implement a policy that bans ransom payments to Boko Haram. Nigerians need to understand that ransom payments only provide Boko Haram an incentive to conduct more kidnappings. The United States and the United Kingdom have each had a longstanding policy of not paying ransoms because doing so only increases the likelihood that their citizens would be targeted more. This deterrent over time has shown that VEOs tend to target citizens of countries that are willing to pay ransoms. In 2011, intelligence showed that AQIM,



instead of targeting American and British citizens, was targeting European citizens whose countries would be willing to pay for the release of its citizens.<sup>87</sup>

Recently a study published in the *European Journal of Political Economy* showed that citizens from countries that paid ransoms faced an 87 percent higher rate of being kidnapped than citizens of countries that do not pay ransoms.<sup>88</sup> Passing legislation to prevent kidnapping ransom payments is a step in the right direction. In 2014, resolution 2133 was passed by the United Nations Security Council banning the practice of paying kidnapping ransoms. Nigeria's government must implement a no-ransom policy to directly affect Boko Haram's main source of funding. In April 2016, Mark Toner, deputy U.S. State Department spokesman, said the United States will continue to support Nigeria with intelligence and recommendations to help locate Nigerians kidnapped by Boko Haram.<sup>89</sup> Continued support from the United States is also critical for pressuring Nigeria into implementing a no-ransom policy. Boko Haram has raised millions of dollars by conducting kidnappings, and the Nigerian government must address this issue. Adequate security, education, and a policy that prevents ransom payments are steps that can be taken to prevent Boko Haram from raising money through kidnappings.

## **2. Foiling Bank Robberies**

Security located at banks must be increased. Boko Haram's freedom to conduct bank robberies again comes down to the Nigerian government's not providing the required security measures to prevent such actions. Knowing that Boko Haram has raised millions of dollars robbing banks, the Nigerian government must introduce security mechanisms that make it harder for Boko Haram to conduct this activity. Most developed countries provide some form of protection to their financial institutions, especially banks. Banks are where the money is, so it is an obvious target for criminals. Nigeria needs to

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87. David S. Cohen, "Why the U.S. Does Not Pay Ransoms for Americans Kidnapped by Terrorists," *Newsweek*, August 23, 2014, [www.newsweek.com/why-us-does-not-pay-ransoms-americans-kidnapped-terrorists-266315](http://www.newsweek.com/why-us-does-not-pay-ransoms-americans-kidnapped-terrorists-266315).

88. Kim Horner, "Study Shows Paying Terrorist Kidnappers Doesn't pay off," *PHYS ORG*, August 11, 2016, <http://phys.org/news/2016-08-terrorist-kidnappers-doesnt.html>.

89. Pamela Falk, "Why are World Powers Unable to Stop Boko Haram?," *CBS News*, April 12 2016, [www.cbsnews.com/news/why-are-world-powers-unable-to-stop-boko-haram/](http://www.cbsnews.com/news/why-are-world-powers-unable-to-stop-boko-haram/).

ensure that all banks have security personnel allocated to provide banks protection and function as a deterrent. Robbery in Nigeria is a felony with a mandatory sentence of 21 years, with a possible death penalty sentence for armed robbery.<sup>90</sup> Having the legal framework in place to deter bank robberies from taking place is not the issue. Boko Haram conducts many of its bank robberies with no fewer than 20 heavily armed individuals at a time.<sup>91</sup>

Not all bank robberies can be stopped, but ensuring sufficient security and implementing other measures is critical. Most rural banks in Nigeria lack security mechanisms, including surveillance cameras.<sup>92</sup> Nigerian banks should implement deterrent measures that other countries have put into practice to reduce bank robberies. The use of dye packs, bait money, electronic surveillance, and barriers between the teller and the customers are all measures Nigeria can emplace to deter bank robberies. Along with increased security at banks, the Nigerian government should look at how much money each bank should be authorized to have on hand at any given time. Putting a limit on the amount of money a bank can have on hand can reduce Boko Haram's desire to conduct bank robberies. The smaller the bank, the less money the bank should have on hand. The United States has seen a decline in bank robberies by implementing such measures. Over the last 25 years as U.S. banks started employing deterrence measures, bank robberies have declined 60 percent.<sup>93</sup> Training bank employees on what to do during bank robberies is a tool that Nigeria should also put into practice. The American Bankers Association (ABA) ensures that American bank employees receive training on

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90. Williams Adewumi Adebayo, "Law and the Protection of Commercial Banks in Nigeria Against Bank Robbery: Prospects and Challenge," *Global Journal of Politics and Law Research*, Vol.3, No.2 (April 2015): 6–22, [www.eajournals.org/wp-content/uploads/Law-And-The-Protection-Of-Commercial-Banks-In-Nigeria-Against-Bank-Robbery.pdf](http://www.eajournals.org/wp-content/uploads/Law-And-The-Protection-Of-Commercial-Banks-In-Nigeria-Against-Bank-Robbery.pdf).

91. Ibid.

92. Ibid.

93. Justin Jouvenal, "A Quintessentially American Crime Declines: Robbing Banks Doesn't Pay as It Used to," *Washington Post*, October 6, 2016, [www.washingtonpost.com/local/public-safety/a-quintessentially-american-crime-on-the-decline--robbing-banks-doesnt-pay-as-it-used-to/2016/09/29/4f54a0a6-e7e9-437c-b484-151a337b0e0a\\_story.html?utm\\_term=.1d6aa76baeea](http://www.washingtonpost.com/local/public-safety/a-quintessentially-american-crime-on-the-decline--robbing-banks-doesnt-pay-as-it-used-to/2016/09/29/4f54a0a6-e7e9-437c-b484-151a337b0e0a_story.html?utm_term=.1d6aa76baeea).

the deterrence of bank robberies.<sup>94</sup> The Nigerian government should provide bank employees recommendations to increase deterrence measures that allow the risk to be mitigated before, during, and after a bank robbery. The Nigerian government should consider all viable options to deter Boko Haram from its second largest source of funding. Enhanced security and deterrence measures at banks can impact Boko Haram's ability to finance its operations through bank robberies.

### **3. Illicit Trafficking/External Funding**

With Boko Haram's illicit trafficking operations taking place across borders, the Nigerian government should enhance border security operations. Increasing border security will impact Boko Haram's ability to move freely across borders and its ability to take part in illicit trafficking. Impacting illicit trafficking will need to be done through multilateral cross-border cooperation. The Nigerian government and its neighbors should be willing to work together to secure their borders to impact Boko Haram's finances. The Nigerian government must also educate its citizens on the impacts that buying illicit goods has on the legitimate economy. Working with a foreign partner, Nigeria and its neighboring countries could receive border security training. Nigeria can look to the United States Customs and Border Protection (CBP) agency for training. The U.S. CBP provides international partners training that enhances the ability to conduct "more effective customs operations, border policing, and immigration inspections."<sup>95</sup> Increasing border security will not only affect Boko Haram's illicit trafficking operations, it will also have an impact on other illicit trafficking that transfers through the Lake Chad basin region.

Implementing tougher border security can also have an impact on Boko Haram's receiving support from external funding. Mentioned earlier, Boko Haram in recent years has received funding from AQIM. Boko Haram heavily uses cash couriers to transfer money within Nigeria and across borders. Increasing border security can possibly impact

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94. American Bankers Association, "Bank Robbery Deterrence Before, During and After," 2003, [www.aba.com/aba/toolbox/brd/3tool.pdf](http://www.aba.com/aba/toolbox/brd/3tool.pdf)

95. United States Customs and Border Protection, "International Training and Assistance," accessed on December 2, 2016, [www.cbp.gov/border-security/international-initiatives/international-training-assistance](http://www.cbp.gov/border-security/international-initiatives/international-training-assistance)

the ability for Boko Haram to raise money, transfer money, and receive material support from other VEOs and sympathizers. Having an effective trained border security force will decrease Boko Haram's ability to rely on illicit trafficking and will hamper external funding.

## **B. COMPLIANT FINANCIAL INSTITUTIONS**

Even though no evidence points to Boko Haram's having any financial assets in Nigerian banks, it is important to ensure Nigerian banks are fully regulated. Mentioned earlier, one possible reason no Boko Haram finances have been seized from a Nigerian bank is the unwillingness of bank employees to file an STR in fear of retaliation from Boko Haram. The FATF, as recent as of 2012, identified Nigeria as a country that has failed to address deficiencies such as money laundering and terrorist financing within its banks.<sup>96</sup> Having a financial intelligence unit within a country does no good if the banks fail to comply with FATF-recommended mandates to address the very issue of terrorism financing. Nigeria must work to comply with all FATF mandates to ensure that its financial intelligence unit members can identify possible sources or accounts of Boko Haram funding. The international community must continue to work with Nigeria to educate its government employees charged with identifying possible funding sources of Boko Haram. With Nigeria having the laws in place to seize Boko Haram funding, the Nigerian government must ensure that all financial institutions are in compliance with all FATF recommendations to prevent terrorism financing. VEOs that have operated within a regulated financial sector have seen millions of dollars frozen by countries who meet all FATF recommendations. The United States was able to freeze an upward of \$174 million of terrorist finances in the first four years after the 9/11 terrorist attacks.<sup>97</sup> To prevent terrorism financing, Nigeria needs to understand the importance of having a banking system that is fully regulated and compliant with all FATF recommendations.

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96. James K. Jackson, *The Financial Action Task Force: An Overview* (CRS Report No. RS21904) (Washington, DC: Congressional Research Service, 2012), [www.fas.org/sgp/crs/misc/RS21904.pdf](http://www.fas.org/sgp/crs/misc/RS21904.pdf).

97. Sener Dalyan, "Combating the Financing of Terrorism."

Nigeria has shown success in conducting follow-the-money tactics through financial intelligence. With a regulated financial system that abides by all FATF recommendations, Nigeria needs to continue to employ financial intelligence to continue to identify Boko Haram funding streams. The importance of financial intelligence can have far-reaching implications in cutting Boko Haram's funding off. Financial intelligence has had an impact and disrupted numerous VEOs' finances since 9/11. Nigeria must continue to receive counterthreat finance training from the United States. Financial intelligence will play a vital role in unraveling Boko Haram's financial network.

### **C. MICROFINANCING**

Boko Haram's popularity at times was driven by the ability to help northern Nigerians open businesses through microfinancing. The Nigerian government needs to look at providing businesses throughout northern Nigeria the availability of receiving microfinancing. Eliminating the population's need to look to Boko Haram for microfinancing will reduce a source of income for Boko Haram. Economic reform in northern Nigeria is an important factor for helping reduce Boko Haram's ability to raise money. With security in place, nongovernmental organizations (NGOs) will be able to operate freely throughout northern Nigeria. Operating freely will allow NGOs to implement a microfinance campaign plan to help northern Nigerians open businesses and to address poverty. Even though microfinancing has mixed reviews concerning whether it helps or hurts a population, it is certain that Boko Haram is earning money by providing loans to local populations in Nigeria. The Nigerian government must work to have its citizens rely on the government and not Boko Haram.

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## V. CONCLUSION

Defeating VEOs by cutting off their funding is an approach whose effectiveness varies depending on the organization being targeted. U.S. officials have acknowledged that the tools used against other VEOs have not been as effective in its financial warfare against Boko Haram. Boko Haram has shown the ability to develop a funding stream heavily dependent on bank robberies, kidnappings, illicit trafficking, and microfinancing to finance its survival. Defeating Boko Haram financially will not be easy, but with the measures outlined above, along with the current strategies being implemented, Boko Haram could be sufficiently undermined. Defeating Boko Haram financially comes down to the government of Nigeria's willingness to invest the required resources. Counterfinance measures alone can have a lasting effect on Boko Haram's ability to fund its operations, but it is only one measure that needs to be taken. Adequate security in northern Nigeria is vital and must take place for Boko Haram to feel any effect financially. Without the proper amount of security, Boko Haram will be able to financially support itself through bank robberies, kidnappings and illicit trafficking. The outlined recommendations rely heavily on the placement of security forces throughout northern Nigeria. Recognizing the difficulties the Nigerian government faces is important. Borno State (Boko Haram's birthplace) alone is massive in size; it is 2.5 times larger than Helmand Province in Afghanistan, where over 10,000 forces were present to counter insurgent forces.<sup>98</sup> The number of forces needed to counter Boko Haram's funding will stress the Nigeria government to ensure security does not suffer elsewhere in the country. Nigeria has a difficult task in ahead, but with support from the United States and the international community, Nigeria has the ability to end Boko Haram's reign of terror.

The United States and its international partners must continue to train the Nigerian military and other members of the MNJTF. The United States should continue to train Nigerians in counterthreat finance tactics and to put pressure on Nigeria to

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98. Comolli, *Boko Haram*, 155.

implement reform measures for northern Nigeria and ensure compliance of all FATF recommendations. Boko Haram, over the past 15 years, has become a menace to Nigeria and its neighbors. The Nigerian government and international community must adapt and find ways to prevent Boko Haram from funding its operations. Denying Boko Haram the ability to fund its organization goes after the very thing it needs to survive- money.



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